

BUREAU OF RECLAMATION			
PROJECT TITLE	TOTAL FEDERAL COST	BUDGET ESTIMATE	HOUSE ALLOWANCE
LOAN PROGRAM			
CALIFORNIA			
CASTROVILLE IRRIGATION WATER.....	14,604,000	3,100,000	3,100,000
CHINO BASIN DESALINATION.....	8,990,000	1,718,000	1,718,000
SALINAS VALLEY.....	9,351,000	1,300,000	1,300,000
SAN SEBASTIAN PROJECT.....	28,100,000	878,000	878,000
TEHAMA VALLEY PROJECT.....	5,757,000	681,000	681,000
OREGON			
MILLTOWN HILL, DOUGLAS COUNTY.....	17,460,000	3,288,000	3,288,000
VARIOUS			
LOAN ADMINISTRATION.....	—	425,000	425,000
TOTAL, LOAN PROGRAM.....	—	10,425,000	10,425,000

* CENTRAL VALLEY PROJECT RESTORATION FUND

Appropriation, 1997	\$38,096,000
Budget Estimate, 1998	39,130,000
Recommended, 1998	39,130,000
Comparison:	
Appropriation, 1997	+1,034,000
Budget Estimate, 1998	

The Central Valley Project Restoration Fund was authorized in the Central Valley Project Improvement Act, Title 34 of Public Law 102-575. This Fund was established to provide funding from project beneficiaries for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley Project area of California. Revenues are derived from payments by project beneficiaries and from donations. Payments from project beneficiaries include several required by the Act (Friant Division surcharges, higher charges on water transferred to non-CVP users, and tiered water prices) and, to the extent required in appropriations Acts, additional annual mitigation and restoration payments.

The General Accounting Office has advised the Committee that the Bureau of Reclamation has established a Water Acquisition Reserve, currently totaling \$14,000,000, within the Central Valley Project Restoration Fund to be used for the purchase of water during periods of drought. The Committee is extremely concerned that it was not notified of the creation of this reserve fund, particularly since funds were never specifically appropriated for that purpose. In light of the current budgetary situation, the Committee has determined that those funds should be utilized now for activities authorized under the Central Valley Project Improvement Act. Accordingly, the Committee directs that funds currently in the Water Acquisition Reserve be utilized for Central Valley Project habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities identified in the budget request for fiscal year 1998. The Committee has made a corresponding reduction in the amount appropriated in the Water and Related Resources Account for the Central Valley Project.

CALIFORNIA BAY-DELTA ECOSYSTEM RESTORATION

Appropriation, 1997	
Budget Estimate, 1998	143,300,000
Recommended, 1998	120,000,000
Comparison:	
Appropriation, 1997	+120,000,000
Budget Estimate, 1998	-23,300,000

The California Bay-Delta Ecosystem Restoration account funds the Federal share of ecosystem restoration activities being developed for the San Francisco Bay/Sacramento-San Joaquin Delta by a State and Federal partnership (CALFED). Federal participation in this program was authorized in the California Bay-Delta Environmental and Water Security Act enacted in the fall of 1996. That Act authorizes the appropriation of \$143,300,000 for ecosystem restoration activities in each of fiscal years 1998, 1999, and 2000. The funds appropriated in this account would be transferred to participating Federal agencies based on a program recommended by the CALFED group and approved by the Secretary of the Interior in consultation with the participating agencies.

Because of the timing of enactment of the authorization for this program, the Committee was surprised that the fiscal year 1998 budget request included the full amount authorized, \$143,300,000. Upon receipt of Bureau of Reclamation's budget justifications, the Committee was shocked to see that the justification for the proposed expenditure of \$143,300,000 consisted of a single page which included no details explaining: how the money would be utilized; which Federal agencies would be receiving funds; and how much each would receive. The Committee still does not know the answer to those questions.

Notwithstanding the lack of detailed information on how funds appropriated under this program will be expended, because of the importance of this effort, the Committee has provided \$120,000,000 for fiscal year 1998.

The Committee directs the Department of the Interior to report to the Committee on a quarterly basis on how the funds appropriated for this program are being utilized. The report should include a description of each project to be undertaken, its cost, and the agency to which funds were provided to carry out the project.

The Committee directs the Secretary of the Interior to develop performance measures (e.g. indicators of ecosystem health and associated monitoring protocols) as part of this program to determine whether restoration goals are in fact being achieved over time. It is also the Committee's intent that the acquisition of lands or interests in lands as part of this program will be done on a willing-seller, willing-buyer basis.

POLICY AND ADMINISTRATION

Appropriation, 1997	\$46,000,000
Budget Estimate, 1998	47,658,000
Recommended, 1998	47,658,000
Comparison:	
Appropriation, 1997	+1,658,000
Budget Estimate, 1998	

The general administrative expenses program provides for the executive direction and management of all Reclamation activities.

CALIFORNIA BAY-DELTA ECOSYSTEM RESTORATION

Appropriations, 1997	
Budget request, 1998	\$143,300,000
Committee recommendation	50,000,000

The California Bay-Delta Ecosystem Restoration Program, commonly referred to as CALFED, is a joint program between the State of California, and several Federal agencies with the objective of developing a comprehensive, long-term solution to the complex and interrelated water and other resource problems in the bay-delta region. The California Bay-Delta Environmental Enhancement Act, which authorized this program, became law in November 1996 and authorizes \$143,300,000 per year in additional Federal funding for bay-delta ecosystem restoration activities in 1998, 1999, and 2000. It is estimated that the total cost of this effort could be \$2,000,000,000 to \$8,000,000,000. The program will focus on ways to improve the health of the ecosystem and improving management of the water resources in the region.

The Committee commends the diverse interest groups for their efforts and interest in solving the challenging issues related to restoring the bay-delta ecosystem. But the Committee is concerned that the program is not ready or capable of efficiently and effectively utilizing \$143,300,000 in the first year of existence. Recent efforts associated with the central Utah project demonstrates that 4 to 5 years is needed for a program of this nature to mature and grow thereby reducing the chances of waste and ensuring that only the best projects and activities receive funding.

Further, critical planning and environment reviews, namely the programmatic EIR/EIS which will set out the preferred alternative restoration program, are currently not complete and it will be late in calendar year 1998 before it is finalized and in place. The mechanism to review project proposals is unclear and time will be needed to strengthen this process and sort through the thousands of proposals for which funding will be requested. While CALFED is an important undertaking, it must be kept in mind that this initiative must compete with other high priority programs during a time of reduced budget allocations and constraints. Therefore, it is essential that the Committee have a high level of confidence that the funding made available will be used fully and efficiently.

Based on the information available to the Committee, and in light of the many requests made for fiscal year 1998, the Committee can recommend only \$50,000,000 for the CALFED initiative. This action is taken without prejudice and in the spirit of ensuring the long-term success of the program. As the restoration program matures, the review process is finalized and strengthened, and the required environmental documentation is completed, the Committee will review the program for additional funding needs. During fiscal year 1998, the Committee expects a rigorous, competitive review process will be established—a process which ensures that Federal funds are allocated to only those projects that will provide the greatest benefit to the bay-delta ecosystem. The Committee also expects that performance measures, indicators of ecosystem health and associated monitoring protocols, be established as part of the review process.

greatest extent possible, Federal funds be spent primarily for on the ground activities and not for administrative, overhead, or support activities. It is thus the Committee's expectation that the participating Federal agencies will obtain these administrative and other costs from the individual agency appropriations account. Similarly, the restoration coordination program's administrative costs should be held to a minimum.

CENTRAL VALLEY PROJECT RESTORATION FUND

Appropriations, 1997	\$38,096,000
Budget estimate, 1998	39,130,000
Committee recommendation	25,130,000

The Committee recommends an appropriation of \$25,130,000. The Committee understands that \$14,000,000 of carryover appropriations from prior years is available for use in 1998 and, therefore, has reduced the funding request accordingly.

The Central Valley project restoration fund was authorized in the Central Valley Project Improvement Act, title 34 of Public Law 102-575. This fund was established to provide funding from project beneficiaries for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the Central Valley project area of California. Revenues are derived from payments by project beneficiaries and from donations. Payments from project beneficiaries include several required by the act (Friant Division surcharges, higher charges on water transferred to non-CVP users, and tiered water prices) and, to the extent required in appropriations acts, additional annual mitigation and restoration payments.

POLICY AND ADMINISTRATION

Appropriations, 1997	\$46,000,000
Budget estimate, 1998	47,558,000
Committee recommendation	47,558,000

The Committee recommendation for policy and administration expenses is \$47,558,000.

This program provides for the executive direction and management of all reclamation activities, as performed by the Commissioner's offices in Washington, DC, Denver, CO, and five regional offices. The Denver office and regional offices charge individual projects or activities for direct beneficial services and related administrative and technical costs. These charges are covered under other appropriations.

The Committee is concerned about the administrative overhead costs in the Sacramento regional office of the Bureau of Reclamation and has recommended a \$100,000 reduction in those costs. The Committee is aware of criticism of the regional office that it has been unresponsive to concerns regarding its management practices and neglect of regional issues.